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Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-12 IO-14 ISO-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-02 CTME-00 AID-05
SS-15 STR-07 ITC-01 TRSE-00 USIA-15 SP-02 SOE-02
OMB-01 DOE-11 /139 W
----------043687 101835Z /40
R 092116Z MAR 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 3987
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY WELLINGTON
USMISSION GENEVA

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USEEC ALSO FOR EMBASSY
USOECD ALSO FOR EMBASSY
USMTN ALSO FOR MISSION

PASS AGRICULTURE

E.O. 11652: N/A
TAGS: EAGR UK
SUBJECT: UK STATES GUARANTEED PRICES FOR SHEEPMEAT AND WOOL FOR 1978-79
BEGIN SUMMARY: ON MARCH 8 UK MINISTRY OF AGRICULTURE RAISED SHEEPMEAT GUARANTEE PRICE BY 10.5 PERCENT BUT FROZE WOOL GUARANTEE PRICE AT 1977-78 LEVEL. SHEEPMEAT
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GUARANTEE WILL OPERATE UNTIL SUCH TIME AS COMMUNITY SHEEPMEAT CAP IS AGREED ON. END SUMMARY.

1. ON MARCH 8, 1978 UK MINISTER OF AGRICULTURE SILKIN ANNOUNCED 1978-79 SHEEPMEAT GUARANTEE PRICE OF 1.27 POUNDS PER KG. WHICH IS 12 PENCE PER KG. HIGHER THAN THE 1977-78 GUARANTEE OR 10.4 PERCENT. AT THE SAME TIME IT WAS

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ANNOUNCED THAT THE GUARANTEE PRICE FOR WOOL WILL REMAIN UNCHANGED AT LAST YEAR'S LEVEL OF 1.10 POUNDS PER KG.

2. COMMENT: SHEEPMEAT AND WOOL ALONG WITH POTATOES ARE THE LAST SURVIVING GUARANTEE PRICE-DEFICIENCY PAYMENTS SYSTEMS OF AGRICULTURE SUPPORT REMAINING IN THE UK, ALL OTHERS HAVING BEEN PROGRESSIVELY DISMANTLED DURING THE EC TRANSITIONAL PERIOD WHICH ENDED DECEMBER 31 LAST. NO DECISION HAS YET BEEN MADE ON THE POTATO GUARANTEE FOR THE COMING YEAR.

3. THE RISE IN THE SHEEPMEAT GUARANTEE WILL NOT HAVE ANY EFFECT UPON WHOLESALE OR CONSUMER MUTTON AND LAMB PRICES. NOR WILL IT HAVE ANY DIRECT INFLUENCE ON ACCESS FOR SHEEPMEAT FROM NZ AND OTHER TRADITIONAL SUPPLIERS. IT IS NOT EXPECTED THAT OUTLAYS IN DEFICIENCY PAYMENTS IN 1978-79 WILL BE SUBSTANTIAL OR EVEN PAYABLE AT ALL GIVEN THE CURRENT VERY FIRM STATE OF THE MARKET. CURRENT FAT LAMB PRICES AT LIVESTOCK AUCTIONS ARE RUNNING AT BETWEEN 1.33 POUNDS AND 1.51 POUNDS PER KG., WELL ABOVE THE GUARANTEE. AND EVEN THOUGH THIS IS THE SEASONALLY HIGH POINT FOR PRICES OF UK KILLED LAMBS, EVEN LAST OCTOBER WHEN PRICES USUALLY REACH THEIR SEASONAL LOW LIVESTOCK AUCTION PRICES WERE AROUND 1.30 POUNDS PER KG.

4. MAFF STATEMENT ANNOUNCING THE NEW GUARANTEE SAID THE SYSTEM WILL REMAIN IN FORCE UNTIL NATIONAL PROVISIONS ARE

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SUPERCEDED BY AN EC REGIME GOVERNING PIGMEAT. PROPOSALS FOR THESE ARE IN PREPARATION AND ARE OF SERIOUS CURRENT CONCERN TO NZG DURING NZ DEPUTY PRIME MINISTER'S IMMINENT VISIT BRUSSELS AND LONDON (REF: WELLINGTON 1090). HMG HAS BEEN LARGELY HOSTILE TO A SHEEPMEAT CAP PARTLY BECAUSE OF FEARS OF UNDULY HIGH SUPPORT PRICE BEING SET AND ITS INFLATIONARY IMPACT AND BECAUSE OF THREAT TO SUPPLIES FROM NZ. FRANCE-IRELAND AGREEMENT, HOWEVER, WHICH IS FORCING HIGH IMPORT TAX ON BRITISH LAMB EXPORTS TO FRANCE WOULD NO LONGER BE TENABLE IF EC SHEEPMEAT REGIME WERE INSTITUTED AND UK FARMERS AND NFU AT LEAST FAVOUR IMPLEMENTATION OF EC REGIME AS MEANS OF ELIMINATING TRADE BARRIERS ON SHEEPMEAT BETWEEN COMMUNITY MEMBERS.

5. REASON FOR FREEZING WOOL GUARANTEE IS BECAUSE PRICES FOR 1977 CLIP WOOL HAVE BEEN GENERALLY BELOW CURRENT GUARANTEE LEVEL RESULTING IN EXPENDITURE OF 3-3.5 MILLION POUNDS INTO BRITISH WOOL MARKETING BOARD ACCOUNT FOR SUPPLEMENTING MARKET PRICE RECEIVED BY FARMERS.

6. NFU REACTION HAS BEEN TO WELCOME RISE IN SHEEPMEAT

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GUARANTEE BUT TO EXPRESS DISAPPOINTMENT ON WOOL FREEZE
PARTICULARLY BECAUSE OF LOSSES INCURRED DURING RECENT BAD
WINTER WEATHER IN SCOTLAND AND UPLANDS OF SW ENGLAND.
BREWSTER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
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Draft Date: 09 mar 1978
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
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TAGS: EAGR, UK
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